

DOCKET NO. 2002-209-C - ORDER NO. 2002-605 ✓ *de*

IN RE:	Joint Application of WorldxChange Corp. and)	ORDER APPROVING
	RSL COM U.S.A., Inc., for Grant of the)	AUTHORITY AND
	Authority Necessary for the Transfer and Sale)	TRANSFER AND SALE OF
	of Assets.)	ASSETS, AND FOR
)	EXPEDITED REVIEW

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application filed jointly by WorldxChange Corp. (“WorldxChange”) and RSL COM U.S.A., Inc., (“RSL”) (together “Applicants”), requesting that the Commission grant authority to enable WorldxChange to acquire the assets of RSL, including RSL’s long distance customer base and the assets associated with those operations (“Assets”). The Application was filed pursuant to S.C. Code Ann. Section 58-9-310 (Supp. 2001) and the applicable regulations of the Commission. As part of its joint Application, WorldxChange and RSL requested the Commission, on an expedited basis, to approve the Agreement and grant WorldxChange the authority it needs to enable it to acquire RSL’s Assets.

The Assets that WorldxChange will acquire from RSL are part of an Asset Purchase Agreement (“Agreement”) between Counsel Springwell Communications, LLC (Counsel Springwell), and RSL which took place on March 25, 2002. Counsel Springwell is WorldxChange’s indirect corporate parent. Subsequent to the March 25, 2002 Agreement, Counsel Springwell assigned its rights to WorldxChange as of April 25,

2002. Since March 16, 2001, RSL has been operating in bankruptcy status under the protection of the Bankruptcy Court for the Southern District of New York.

WorldxChange is a corporation organized and existing under the laws of the State of Delaware with principal offices located at 9775 Business Park Avenue, San Diego, California 92131. WorldxChange is a wholly owned indirect subsidiary of I-Link Incorporated (“I-Link”), a publicly traded company organized under the laws of the State of Florida. I-Link is controlled by Counsel Springwell which holds a direct majority interest in I-Link and therefore, an indirect majority interest in WorldxChange. Counsel Springwell is, in turn, majority owned and controlled by Counsel Corporation (“Counsel”), a publicly traded Canadian corporation which specializes in investments, including communications companies.

WorldxChange was granted authority to provide resold long distance telecommunications services in South Carolina pursuant to Order No. 2000-987, Docket No. 2000-317-C, issued on December 15, 2000. (WorldxChange was formerly known as PT-1 Counsel, Inc. but changed its name in connection with its acquisition of certain operations of the now bankrupt WorldxChange Communications, Inc. in 2001. The Commission in Docket No. 2000-317-C, Order No. 2002-337 on April 25, 2002, approved a name change).

RSL is a corporation organized and existing under the laws of the State of Delaware. RSL’s principal place of business is located at 1001 Brinton Road, Pittsburgh, PA 15221. RSL currently provides a variety of regulated and unregulated telecommunications services, including long distance and frame relay data services,

through the resale of the facilities of other carriers and RSL's own circuit and data switches. In South Carolina, RSL provides intrastate toll service by virtue of a certification granted by the Commission in Order No. 97-776 in Docket No. 97-133-C, issued September 9, 1997.

Through the proposed transaction, WorldxChange proposes to acquire the long distance business of RSL. Specifically, the Assets to be acquired by WorldxChange include, among other things, most of the regulated communications assets associated with RSL's domestic telecommunications operations, including the telecommunications equipment and all of the long distance customers and customer accounts of RSL located in South Carolina. Because WorldxChange is already authorized to provide service in South Carolina, WorldxChange will not need to obtain additional operating authority to provide service to RSL's customer base.

The contemplated transaction will allow RSL's long distance operations to emerge from bankruptcy into WorldxChange and provide greater certainty to RSL's existing customers. In order to complete the transaction and gain Bankruptcy Court approval, WorldxChange's corporate parent, Counsel Springwell, and RSL entered into an Asset Purchase Agreement as of March 25, 2002. Counsel Springwell is a holding company that does not provide telecommunications services in any jurisdiction. As a result, Counsel Springwell has completed an assignment whereby through the proposed transaction, the RSL regulated customers and telecommunications Assets will be assigned directly to Counsel Springwell's operating subsidiary, WorldxChange, which

will assume the day to day management and operational responsibilities necessary to provide service to RSL's customers.

WorldxChange will replace RSL as the service provider for RSL's customers in South Carolina. Both companies have jointly emphasized that following the completion of the proposed transaction, RSL's customers will continue to receive services under the same rates, terms and conditions as currently provided by RSL. The transaction will therefore be (other than the change in the name of their service provider) virtually transparent to customers because they will experience no change in the services they receive as a result of the transaction. In order to avoid customer confusion, WorldxChange and RSL have provided customer notice of the proposed transaction to RSL's customers. RSL has indicated that it will, by separate application, seek Commission authority to voluntarily withdraw its certification and terminate service in South Carolina, effective upon consummation of the Transaction.

By letter dated June 27, 2002, the Commission's Executive Director instructed WorldxChange and RSL to publish a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to provide notice of the Application to any interested parties and to advise interested parties of the manner and time in which to file pleadings to participate in the docket. WorldxChange filed Affidavits of Publication as proof that it had complied with the instructions of the Executive Director. No Petitions to Intervene, letters of protest, or comments were received by the Commission with regard to the instant Application.

REQUEST FOR EXPEDITED REVIEW

As part of its Application, WorldxChange and RSL requested expedited review and disposition of the joint Application due to RSL's financial difficulties and in order to ensure that the transaction would be transparent to the affected customers with no interruption in service. After the return date expired with no intervention or opposition, WorldxChange and RSL requested that the matter be scheduled for final disposition by the Commission at a weekly meeting. The parties waived their right to a hearing in the matter. Along with the request for a waiver of the hearing, WorldxChange and RSL filed verified testimony to support the Application. The matter was brought then to the Commission for consideration.

Upon consideration of WorldxChange and RSL's request for final disposition at a regularly scheduled Commission meeting and the waiver of its right to a hearing in the matter, the Commission finds that expedited review should be granted. The Commission finds that notice of the Application was properly afforded to the public and that no interested person sought to become a party to the proceeding. The Commission finds that procedural due process was afforded in this matter and further finds that WorldxChange and RSL made a knowing waiver of a formal hearing. Therefore, the Commission will consider the Application in the context of its regularly scheduled weekly meeting, with court reporter present, and for purposes of the expedited review, the Commission will deem the examination of the Application and verified testimony during the course of the Commission's regularly scheduled meeting with court reporter present as a hearing on this matter.

EXAMINATION OF THE APPLICATION AND VERIFIED TESTIMONY

According to the Application and the verified testimony of Brian Boillot, Assistant Secretary of WorldxChange, WorldxChange was granted a certificate of public convenience and necessity to provide resold interexchange telecommunications services in the State of South Carolina in Order No. 2000-987, Docket No. 2000-317-C, issued on December 15, 2000. Mr. Boillot testified that RSL has been operating in bankruptcy status under the protection of the Bankruptcy Court for the Southern District of New York since March 16, 2001. He further testified that WorldxChange's indirect corporate parent, Counsel Springwell Communications LLC and RSL entered into an Asset Purchase Agreement on March 25, 2002. He said that subsequent to that Agreement, Counsel Springwell assigned its rights under the Agreement to WorldxChange as of May 22, 2002.

Mr. Boillot testified that the transaction proposed is necessary to ensure that RSL's current South Carolina customers will continue to receive uninterrupted service. Mr. Boillot further testified that through the proposed Transaction, WorldxChange will acquire the long distance business of RSL. Specifically, the Assets to be acquired by WorldxChange include, among other things, most of the regulated communications assets associated with RSL's domestic telecommunications operations, including the telecommunications equipment and all of the long distance customers and customer accounts of RSL located in South Carolina. Mr. Boillot added that because WorldxChange is already authorized to provide service in South Carolina,

WorldxChange will not need to obtain additional operating authority to provide service to RSL's customer base.

Mr. Boillot offered that the contemplated transaction will allow RSL's long distance operations to emerge from bankruptcy into WorldxChange and provide greater certainty to RSL's existing customers. He said as a result of the Agreement and the assignment whereby through the proposed Transaction, the RSL regulated customers and telecommunications Assets will be assigned directly to Counsel Springwell's operating subsidiary, WorldxChange will assume the day to day management and operational responsibilities necessary to provide service to RSL's customers.

Mr. Boillot testified that the transaction will therefore be (other than the change in the name of their service provider) virtually transparent to customers because they will experience no change in the services they receive as a result of the transaction. Mr. Boillot testified that in order to avoid customer confusion, proper notice has been provided to customers of the proposed transaction. He said RSL will, by separate application, seek Commission authority, as necessary, to voluntarily withdraw RSL's certification and terminate service in South Carolina, effective upon consummation of the Transaction. He said the transaction will neither disrupt service nor cause inconvenience to RSL's customers because WorldxChange will continue to provide high quality, affordable telecommunications services to these customers, under the same rates, terms and conditions as RSL, and will provide for the seamless transfer of such services.

As to the public interest benefits associated with this transaction, Mr. Boillot testified that it will serve the public interest by (1) increasing competition in the South

Carolina telecommunications market by reinforcing WorldxChange's status as a viable competitor and (2) minimizing the disruption of service and be virtually transparent to remaining RSL customers. He said the proposed transaction is expected to invigorate competition in South Carolina.

The record reveals that Mr. Boillot is Assistant Secretary of WorldxChange and General Counsel of Counsel Springwell Communications, LLC. He testified that prior to his involvement with WorldxChange and Counsel Springwell, he was a partner at Coudert Brothers, an international law firm, where he specialized in mergers and acquisitions, capital markets and financings. From 1983 to 1987, he stated he was General Counsel of Scholastic Inc., a publisher of children's books, magazines and other educational materials. He holds degrees from Yale College and Vanderbilt Law School and he served in the United States Marine Corps from 1967 to 1971.

Upon review and consideration of the Application, the verified testimony of Mr. Boillot, and the applicable law, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. WorldxChange is a corporation organized and existing under the laws of the State of Delaware with principal offices located in San Diego, California.
2. WorldxChange is a wholly owned indirect subsidiary of I-Link Incorporated, a publicly traded company organized under the laws of the State of Florida.
3. I-Link is controlled by Counsel Springwell which holds a direct majority interest in I-Link and therefore, an indirect majority interest in WorldxChange.

4. WorldxChange was authorized to provide resold interexchange services in South Carolina in Docket No. 2001-317-C, Order No. 2000-987 on June 26, 2000.

5. On March 25, 2002, WorldxChange's indirect corporate parent, Counsel Springwell Communications LLC, and RSL, entered into an Asset Purchase Agreement. Subsequently, Counsel Springwell assigned its rights under the agreement to WorldxChange as of May 22, 2002, and, accordingly, WorldxChange will acquire the RSL Assets

6. Counsel Springwell is majority owned and controlled by Counsel Corporation, a publicly traded Canadian corporation which specializes in investments, including communications companies.

7. RSL is a corporation organized and existing under the laws of the State of Delaware with principal offices located in Pittsburg, Pennsylvania.

8. RSL was authorized to provide resold interexchange telecommunications services in South Carolina in Docket No. 97-133-C, Order No. 97-776, issued on September 9, 1997.

9. RSL has been operating in bankruptcy status under the protection of the Bankruptcy Court for the southern District of New York since March 16, 2002.

10. WorldxChange will continue to operate under the certificate granted by this Commission in Docket No. 2000-317-C, Order No. 2000-987 issued on December 15, 2002. WorldxChange was formerly known as PT-1 Counsel, Inc. but changed its name in connection with its acquisition of certain operations of the now bankrupt

WorldxChange Communications, Inc. in 2001. The Commission in Docket No. 2000-317-C, Order No. 2002-337 on April, 25, 2002, approved a name change.

11. The asset transfer will be a seamless transaction to WorldxChange and RSL's South Carolina customers.

12. WorldxChange has the experience, management capability, and financial resources to provide services in South Carolina.

CONCLUSIONS OF LAW

1. Based on the above Findings of Fact, the Commission hereby determines that the Application filed by WorldxChange Corp. and RSL COM U.S.A, Inc. requesting Commission approval of an Asset Purchase Agreement between Counsel Springwell (WorldxChange's indirect corporate parent) and RSL on March 25, will not adversely affect the public interest, and therefore, the Commission approves the requested asset transfer.

IT IS THEREFORE ORDERED THAT:

1. The joint Application of WorldxChange US, Inc. and RSL COM U.S.A., Inc. for approval of the Asset Purchase Agreement is hereby approved.

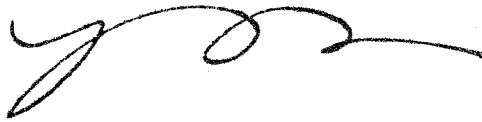
2. RSL shall, by separate application, seek Commission authority to voluntarily withdraw its certification and terminate service in South Carolina, effective upon consummation of the transaction.

3. WorldxChange will assume the obligations previously held by RSL COM to contribute to the Universal Service Fund, Interim LEC Fund and general operating assessments in South Carolina on a prospective basis.

4. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

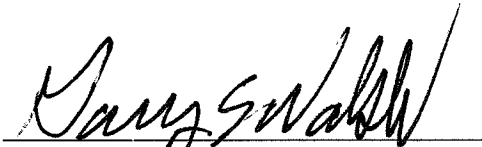
5. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn
Chairman

ATTEST:



Gary E. Walsh
Executive Director

(SEAL)